

UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
PSC Box 20041
Camp Lejeune, North Carolina 28542-0041

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STUDENT OUTLINE

PLANNING, PROGRAMMING, BUDGETING, AND EXECUTION SYSTEM
(PPBES)

LEARNING OBJECTIVES:

1. TERMINAL LEARNING OBJECTIVES: Given guidance from higher headquarters and the references, administer the Planning, Programming, Budgeting and Execution System (PPBES) which is used by the Marine Corps to provide sound budget submissions to higher headquarters in accordance with DON FMPM, NAVSO P-1000. (3404.06.11)

2. ENABLING LEARNING OBJECTIVES:

(1) Without the aid of references and given written questions, explain in writing the purpose of the Planning phase of the PPBES in accordance with the DON FMPM, NAVSO P-1000. (3404.06.11a)

(2) Without the aid of references and given written questions, recall the concepts of the Planning phase of the PPBES in accordance with the DON FMPM, NAVSO P-1000. (3404.06.11b)

(3) Without the aid of references and given written questions, recall the concepts of the Programming phase of PPBES in accordance with the DON FMPM, NAVSO P-1000. (3404.06.11c)

(4) Without the aid of references and given written questions, recall the concepts of the Budgeting phase of the PPBES in accordance with the DON FMPM, NAVSO P-1000. (3404.06.11d)

(5) Without the aid of references and given written questions, recall the concepts of the Execution phase of the PPBES in accordance with the DON FMPM, NAVSO P-1000. (3404.06.11e)

OUTLINE

1. OVERVIEW OF PPBES:

a. The Planning, Programming, Budgeting, and Execution System (PPBES) is the primary resource management system used in the Department of Defense (DOD). It is a cyclical process with four distinct phases that helps DOD plan how future force structure will look based on the current environment (i.e. threats to the United States, political environment, economic outlook, emerging technology, etc.). PPBES helps DOD identify mission needs, matches them with resource requirements, translates resource requirements into budget proposals, and executes funding allotted from Congress.

b. DOD uses PPBES to:

(1) Identify possible future threats to the United States including national security and foreign policy.

(2) Define a national military strategy and the force levels to counteract potential threats and ensure that national security objectives and foreign policy goals are obtainable.

(3) Develop guidance for DOD departments and agencies to meet the force requirements necessary to accomplish the national military strategy.

(4) Establish balanced and integrated military forces to execute the national military strategy and maintain readiness.

c. PPBES considers potential threats and national strategy objectives to establish force requirements that support DOD roles and missions and resources (manpower, equipment, and operational funds) needed to counter perceived threats.

d. The Defense Planning and Resources Board (DPRB) manages PPBES. The DPRB is involved in all phases of the PPBES, focusing on refining the planning process and identifying required resources to carry out specific strategic proposals.

e. DOD departments and agencies operate their individual resource/financial management systems as components of the overall DOD PPBES process.

2. PLANNING PHASE:

a. Planning begins by assessing perceived threats to United States security. National security objectives and requisite resources are considered. The planning phase has the following major objectives:

(1) Review the international (military, social, and political) climate in light of possible threats to the domestic/international interests of the United States.

(2) Define a national military strategy to maintain national security and to support foreign policy for two to eight future years.

(3) Plan for an integrated and balanced military force structure capable of achieving national strategy.

(4) Ensure the necessary structure exists to manage DOD resources effectively.

(5) Provide options to the Secretary of Defense (OSD) to formulate national defense policy and related issues.

b. Strategic planning is part of the Joint Strategic Planning System. Assessments of the world climate are made to identify future threats to U.S. interests. Strategies are then developed to counter each threat. On the basis of the Commander in Chiefs' (CINCs') war-fighting needs and the constraints of the National Security Directive, the Chairman, Joint Chiefs of Staff (CJCS) develops the strategic military positions which are incorporated into the National Military Strategy (NMS).

c. The NMS contains intelligence and strategic environment appraisals, strategic principles, and force level requirements.

d. OSD incorporates the National Military Strategy with planning and policy guidance to generate the Defense Planning Guidance (DPG). The DPG establishes goals, priorities, fiscal constraints, and a rough 20-year plan for DOD's modernization and investment needs.

e. The Defense Planning Guidance is the key product of the planning phase. The DPG gives DOD broad policy objectives foundational to the programs they develop to accomplish their missions. DPG defines the threat that DOD must contain, states national and defense policy objectives and strategy, establishes resource and force structure planning guidance, and establishes programming guidelines.

f. The planning phase takes place at the highest levels of DOD. Those involved in the planning phase are familiar with the battlefield, national policy, and strategy. They try to envision the future environment that DOD will have to operate in.

3. PROGRAMMING PHASE:

a. In the programming phase, DOD components develop programs consistent with policy, strategy, force structure, resource, and fiscal guidance provided in the DPG.

b. The services use the DPG to create their program planning document called the Programs Objectives Memorandum (POM).

c. The POM reflects force structure, manpower, operational support dollars, and procurement funding requirements for each service and DOD agency. During the POM creation and review process, new programs are created or increases to established programs occur. In other words, the POM process is where the Marine Corps establishes the financial requirements and justifications for future funding levels.

d. Through various working groups, meetings, and discussions at the Headquarters level, program sponsors take the field input, consolidate the information and present new programs and increases to established programs. Approvals and disapprovals of POM submissions are vital because they lead to future "ceiling amounts" used for annual budget submissions and authorized funding levels. The POM covers six future years of funding requirements and submissions are required every two years. This process allows for future year funding adjustments in subsequent POM submittals.

e. Once the POM is approved by OSD, it becomes the Programs Decision Memorandum (PDM) and is time-phased and published as the Future Years Defense Program or simply FYDP. The FYDP is the official summary of programs approved by the Secretary of Defense.

f. The FYDP specifies force levels in terms of missions and programs. The FYDP reflects required military manpower, operational funding, procurement funding, past year's execution, current-year estimates, and future-year requests needed for approved programs. The Program Element Number (PEN) is the key for finding information in the FYDP.

4. BUDGETING PHASE:

a. A budget is nothing more than a plan for how a command intends to spend authorized funds to accomplish assigned missions and programs. The budget phase has three steps:

(1) Formulation - Converts the appropriate two-year approved PDM into the DOD component's Budget Estimate Submission (BES).

(2) Justification - Presenting and defending budget estimates to OSD and to Congress.

(3) Execution - Approved Congressional budgets are translated into appropriations. Funds authorized in various appropriations are spent by commands. Fund usage is compared back to the budgeted plan and differences analyzed.

5. BUDGET FORMULATION AND JUSTIFICATION

a. Budget formulation begins when OSD prepares BES guidance. BES guidance includes new requirements and changes initiated by Congress, Office of Management and

Budget (OMB), and OSD, current-year guidance including items to be considered in supplemental or follow-on budget requests, guidance for preparation of budget estimates, and obligational authority levels submitted in the POM and modified in the PDM.

b. The Marine Corps budgeting begins with HQMC receiving guidance on the BES from the Navy. HQMC then passes guidance to field commands. HQMC also provides each major command (i.e. COMMARFORLANT, COMMARFORPAC, etc.) with a dollar figure, or "ceiling track/amount", for each subhead affected by the command's missions. The ceiling amount is determined at HQMC by program sponsors, based on the PDM by program (identified by PENs), original POM submissions, grouping PENs by subhead and command, providing each command their ceiling amount.

c. Once the ceiling tracks are received, budgeting begins. Budget submissions must include instructions, limitations, and exhibits. Local commands create their own instructions and requirements for budget preparation down to the Budget Execution Activity (BEA) level. BEA budget submissions are consolidated by the comptroller. The budget is submitted to HQMC for two years. Each budget submission reflects command operating programs, dollars, workload data, initiatives to reduce costs, improve program operations, and program deficiency justifications.

d. Once HQMC receives all the command's budget submissions, HQMC will perform a review of the submitted data. Program managers and sponsors at HQMC review the command's input and consolidate their portions for inclusion in the Marine Corps budget submission. This process includes:

- (1) Reviewing budget estimates from POM submissions and manpower levels authorized in the adjusted PDM;

- (2) Revising estimates to incorporate changes determined through the budget review process;

- (3) Adjusting budget estimates based on changes required by pending authorization and appropriation legislation;

- (4) Developing justification books that explain the proposed budget requirements and the impact on programs and operations that would result from reduced or eliminated funding.

e. The Marine Corps budget estimate submission and justification books are submitted to the Department of the Navy. The Navy consolidates Marine Corps information and submits a BES for the entire department. The Navy submission is sent to OSD, where it is consolidated with the other services' submissions. These submissions are reviewed at OSD and changes or further justification of submissions are sent back to the requesting service through a Program Budget Decision (PBD). PBDs are reviewed by the applicable service and

(1) are defended through further justification for the required funding;

(2) reductions to proposed funding levels are taken into consideration for impacts on mission accomplishment;

(3) alternatives are recommended to absorb funding reductions to reduce impact on operations;

(4) plans are adjusted to expand planned programs in the case of increases to funding through the PBD reviews.

f. Once the PBD process is complete, final Budget Estimate Submissions for all services are consolidated by OSD and submitted to the Congress for review and approval. The final budget submission by OSD is called the President's Budget submission for the Department of Defense.

g. Congress approves the President's Budget (either in its original submission or with applicable changes worked out in Senate and House deliberations) which becomes an Appropriation Act. The Appropriation Act is approved by the President and signed into law. Once the Appropriation Act is signed into law, the amounts authorized are passed to the respective services to fund operations and mission support. Once funding is received at the local command from this process, the execution phase of PPBES begins.

6. EXECUTION PHASE

a. It is during the budget execution phase that actual money is spent to support missions and programs that support the National Military Strategy developed back in the planning phase of the PPBES. Commands receive funding from HQMC or from a major command element and use these funds to buy the goods and services needed for operations. During the execution phase, obligations and payments for goods and services occur. During execution, the Marine Corps and local commands

(1) manage and account for the funds that have been appropriated and provided to them to carry out approved programs and missions;

(2) verify how efficiently activities use resources to carry out programs and missions;

(3) adjust resource requirements based on actual execution results.

b. The execution phase of the PPBES entails

(1) authorizing and allocating funds received through the POM and budget process;

(2) creating obligations and making disbursements that affect the authorized funds;

(3) reviewing obligations and payments and reporting on budget execution results;

(4) modifying spending plans and reallocating resources based on changes in priorities, covering unbudgeted requirements, and maximizing efficient use of allocated resources.

c. Controlling and monitoring fund execution are a critical portion of this phase. Comparison of actual spending to planned spending is also performed during the execution phase. These topics and how spending occurs will be covered in detail in future lessons during this course.

d. Review of program performance is accomplished at all levels of DOD, from the local command level that compares actual execution of funds to the spending plans created in POMs and budgets, through all higher levels at HQMC, Navy, and OSD. Each level reviews execution, accounts for and reports on the use of funds granted through appropriations, and compares actual spending to the approved budgets to identify trends and deviations. This comparison and analysis help each level manage current execution and develop future funding requirements. Execution information serves as the starting point and foundation for future POM and Budget cycles.

REFERENCES:

1. DOD 7000.14R, DOD Financial Management Regulations (DOD FMR series)
2. DON FMPF, NAVSO P-1000
3. MCO P3121.1, Marine Corps Planning and Programming manual